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## Quant Pick – Godrej Consumer Products

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### Quant Pick

Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Godrej Consumer Products	Buy	685-700	815	625	3 Months

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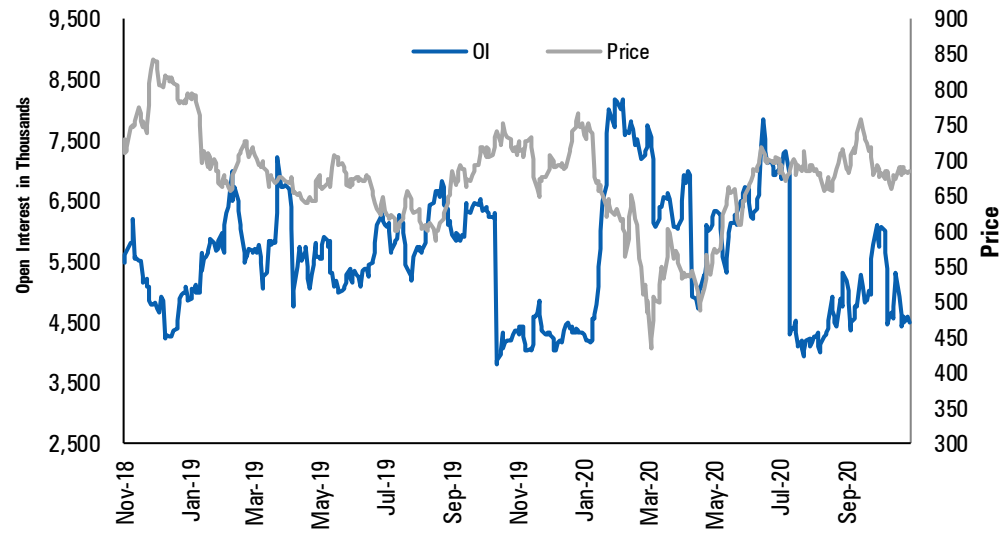
# Buy Godrej Consumer Products in range of ₹ 685-700, Target: ₹ 815; Stop Loss: ₹ 625; Time frame: Three months

## Snapshot

Spot Price	698.00
Beta	1.17
12M Avg Price (₹)	637.0
3M Avg Roll (%)	91.0%
HV 30 Day (% Annualised)	47.00

## Price vs. open interest pattern

### Long accumulation likely to take stock higher



Source: NSE, Seediff, ICICI Direct Research

November 19, 2020

- The current rally in the index has seen broad market participation with banking and auto stocks outperforming significantly. In the past couple of weeks, underperforming sectors like NBFC and PSUs saw a decent recovery whereas major FMCG stocks underperformed the index. Stocks like Godrej Consumer Products, which have remained largely range bound in the last couple of weeks, are likely to see fresh momentum in the coming weeks
- The open interest in Godrej Consumer Products has declined significantly amid the resilience shown by the stock. The stock had made a high of ₹ 750 in January 2020. After eight months, it has again reached these levels. In the last month, profit booking was seen from ₹ 750. It has been declining. However, since mid-October 2020, shorts have been continuously reducing, indicating lower rollover of short positions. In view of the recovery in FMCG space, we expect fresh longs to be formed in the stock. This should take the stock higher
- In the options space, the stock has the highest Call option base at the 700 strike followed by 750 strike. As the stock was in a consolidation phase, Call writers are active at the 700 strike. Sustainability above this level may trigger a further up move on the back of short covering in the position of Call writers. These positions may shift to higher OTM strikes. At the same time, Put open interest base is strengthening at the 680 and 650 Put, which can act as strong support on downsides
- On the delivery front, one of the biggest delivery volumes was seen in May 2020 at ₹ 640-650, which is the lower band of the broader trading range. This delivery pick-up in the stock is one of the highest seen since June 2012. We expect levels around ₹ 640-650 to act as crucial support for the stock in the short-term. With early signs of the stock moving out of the prevailing range, we expect it to continue its upward momentum
- **Note:** Call has been initiated on iClick2Gain on November 19, 2020

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*Source: Bloomberg, ICICI Direct Research*

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